

## Message Text

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E.O. 11652: GDS  
TAGS: PINT EG  
SUBJECT: QUARTERLY POLITICAL ASSESSMENT: APRIL 1 -  
- JUNE 30, L978

REF: CAIRO 9801

SUMMARY: AS QUARTER ENDED STALLED PEACE PROCESS SHOWED SIGNS OF RESTARTING. U.S.-EGYPTIAN RELATIONS REMAINED EXCELLENT DESPITE IMPATIENCE THAT U.S. SHOULD DO MORE TO CATALYSE PEACE PROCESS. APPROVAL OF A/C SALES AND GAMASY VISIT ADDED NEW MILITARY DIMENSION TO OUR RELATIONSHIP. EGYPT SUFFERED ONLY SLIGHT EROSION IN ITS RELATIONS WITH OTHER ARABS, ALTHOUGH IT CLEARLY FELT ON DEFENSIVE IN INTERNATIONAL FORA. SOVIET/CUBAN "CAMPAIGN." IN AFRICA CONTINUED TO BE MAJOR GOE CONCERN AND IT RESPONDED BY MODEST ASSISTANCE TO ZAIRE AND ERITREANS AND PRAISE FOR WESTERN ACTIONS IN ZAIRE AND FRENCH IN CHAD. RELATIONS WITH SOVIETS REMAINED CHILLY THROUGH QUARTER. AGAINST BACKDROP OF ECONOMIC DISCONTENT AND FEAR OF REPETITION JANUARY 1977 RIOTS, SADAT CRACKED DOWN ON OPPOSITION PARTIES WHOM HE ACCUSED OF ABUSING NEW FREEDOMS HE HAD GRANTED. SADAT HAS PROMISED SUPRISE ON JULY 23 TO CONSOLIDATE DEMOCRACY, BUT MEANWHILE HIS IMAGE HAS BEEN DAMAGED AND PEOPLE FEAR REVERSAL OF POLITICAL LIBERALIZATION. SO FAR FEW INDIVIDUALS HAVE BEEN EFFECTED. END SUMMARY.

I. MIDDLE EAST PEACE PROCESS

1. FROM EGYPTIAN VANTAGE POINT, THERE WAS LITTLE MOVEMENT DURING QUARTER ON M.E. PEACE FRONT AS ATTEN-  
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TION FOCUSED ON A/C PACKAGE AND GETTING ISRAELIS OUT OF LEBANON AND ISRAELI REPLIES WERE BEING AWAITED TO TWO QUESTIONS POSED BY USG ON FUTURE OF WEST BANK/GAZA. WHEN ISRAELI REPLIES MADE JUNE 19, EGYPTIANS CASTIGATED THEM AS "VAGUE, NEGATIVE AND DISAPPOINTING." SADAT'S CRITICISM WAS MUTED, ALTHOUGH HE SHARES HIS COUNTRYMEN'S PERCEPTION THAT HIS DRAMATIC PEACE INITIATIVE OF LAST NOVEMBER HAS NOT BEEN RECIPROCATED BY ISRAEL. SAME TIME HE STAUNCHLY MAINTAINS IT CHANGED WORLD OPINION AND GREATLY BENEFITED ARAB CAUSE. SADAT PUBLICLY REAFFIRMED HIS OPTIMISM AND LEFT NO DOUBT HE COUNTING UPON USG TO BREAK THE IMPASSE. SADAT'S CLOSEST ASSOCIATES ARE LESS CONVINCED THAT USG WILL COME THROUGH AND ARE BEGINNING TO CONSIDER ALTERNATIVES TO REVIVING PEACE PROCESS. SADAT HIMSELF LEFT DOOR AJAR FOR SUCH POSSIBILITY BY SEVERAL PUBLIC REFERENCES THAT IF PRESENT PEACE EFFORTS FAIL, OTHER MEANS WILL HAVE TO BE FOUND. IN SPEECHES TO 2ND AND 3RD ARMIES IN EARLY JUNE, THOUGH PRIMARY FOCUS WAS DETERMINATION DO UTMOST TO CONTINUE WORK FOR PEACE, HE MENTIONED WAR OPTION AS LAST RESORT. ISRAELIS PREDICTABLY SEIZED UPON THIS,

IN PUBLIC RELATIONS BATTLE CURRENTLY BEING WAGED  
BETWEEN EGYPT AND ISRAEL, TO CHARGE SADAT AGAIN  
ENGAGING IN SABER-RATTLING.

2. SADAT PUBLICLY REJECTED BEGIN WEST BANK/GAZA PLAN  
AND SADAT PUBLICLY CALLED FOR RETURN OF WEST BANK AND  
GAZA TO JORDAN AND EGYPT, RESPECTIVELY, UNDER  
APPROPRIATE SAFEGUARDS THAT HE BELIEVES SHOULD MEET  
ISRAELI SECURITY CONCERNS. THOUGH PUBLICLY REJECTED  
BY ISRAELIS, THIS CONCEPT LIKELY REMAIN BASIS OF  
EGYPTIAN COUNTERPROPOSAL WHEN PRESENTED. THERE WERE  
NO FURTHER DIRECT EGYPTIAN/ISRAELI MEETINGS AT

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MILITARY LEVEL. SADAT, AT URGING OF HIS ADVISERS THAT GOE SHOULD COOPERATE WITH ARAB LEABUE-SPONSORED RECONCILIATION EFFORT, TOLD SUDANESE PRESIDENT NUMAYRI THAT NO FURTHER DIRECT MEETINGS WOULD TAKE PLACE IN EGYPT SO LONG AS ARAB RECONCILIATION EFFORT UNDERWAY. HE DID NOT EXCLUDE DIRECT TALKS OUTSIDE EGYPT. AS QUARTER ENDED PROSPECT WAS FOR HIGH LEVEL OF ACTIVITY BEGINNING WITH VP MONDALE VISIT ON JULY 3 AND POSSIBLE DIRECT TALKS AT FONMIN LEVEL SOON THEREAFTER IN PRESENCE SECRETARY.

## II. U.S.-EGYPTIAN RELATIONS

3. U.S.-EGYPTIAN RELATIONS REMAIN EXCELLENT DESPITE PREDICTABLE OFFICIAL AND PUBLIC IMPATIENCE THAT USG SHOULD BE DOING MORE TO CATALYZE STALLED M.E. PEACE PROCESS. ON POLITICAL FRONT, THERE WERE TWO SHORT-LIVED SQUALLS PROMPTED BY EGYPTIAN CONCERN OVER (A) STATEMENTS MADE BY PRESIDENT CARTER TO AMERICAN REPORTER FOR JEWISH PUBLICATION SUGGESTING RESOLUTION ON BASIS BEGIN PROPOSAL AND (B) WHITE HOUSE ADVISER EISENSTAT'S ALLEGED REMARK THAT USG AGREES TO INDEFINITE DEPLOYMENT OF ISRAELI TROOPS IN WEST BANK/GAZA. IN BOTH INSTANCES, USG CLARIFICATIONS CLEARED THE AIR, BUT SOME RESIDUAL SUSPICION PERSISTS THAT THESE MAY INDEED BE LONG TERM USG IDEAS.

4. ON MILITARY FRONT, TWO INNOVATIVE DEVELOPMENTS PLEASED EGYPTIANS. FIRST WAS ADMINISTRATION'S SUCCESS IN OBTAINING CONGRESSIONAL APPROVAL OF F-5 AIRCRAFT SALE TO EGYPT AND OTHER AIRCRAFT TO SAUDIS. THIS HELPED BALANCE UNHAPPINESS WITH CORRESPONDING SALE  
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OF SOPHISTICATED AIRCRAFT TO ISRAEL. ADMINISTRATION'S VIGOROUS EFFORTS WERE APPRECIATED AND HOPES WERE GENERATED THAT POWERFUL PRO-ISRAELI LOBBY IN U.S. HAD

FINALLY BEEN BESTED. SECOND WAS OFFICIAL VISIT TO UNITED STATES, AT SECDEF INVITATION, OF MINWAR LTG GAMASY. LATTER'S 10-DAY VISIT ADJUDGED GREAT SUCCESS. EGYPTIANS ARE CONSCIOUS THAT BOTH DEVELOPMENTS REPRESENT "FIRST" IN RELATIONS BETWEEN THE TWO COUNTRIES AND HOPE THEY PORTEND FURTHER MILITARY COOPERATION.

5. QUARTER ENDED WITH PARLIAMENTARY DELEGATION HEADED BY PA SPEAKER SAYED MAREI IN U.S. ON AN EXTENSIVE MONTH LONG VISIT AT INVITATION HOUSE SPEAKER O'NEILL. MAREI WAS RECEIVED BY PRESIDENT, VP, SECRETARY AND KEY CONGRESSIONAL LEADERS PRIOR TO BEGINNING SPEAKING TOUR AT END OF JUNE.

### III. EGYPTIAN-ARAB RELATIONS

6. DESPITE STALLED PEACE PROCESS EGYPT SUFFERED ONLY SLIGHT EROSION IN ITS RELATIONS WITH OTHER ARAB STATES ASSISTED IN PART BY DISARRAY AMONG "REJECTION-ISTS." SADAT PAID REPEATED LIP SERVICE TO "ARAB UNITY," BUT INSISTED ANY ARAB SUMMIT BE "WELL PREPARED" AND NOT HELD BEFORE AUGUST. HE ALSO MADE CLEAR EGYPT WILL NOT REESTABLISH FORMAL RELATIONS WITH "REJECTION-ISTS" UNTIL THEY STOP ATTACKING EGYPT. ONLY REJECTION-IST WITH WHOM RELATIONS IMPROVED WAS ALGERIA--AT QUARTER'S END EGYPTIAN DIPLOMATIC REPRESENTATIVES WERE BACK IN ALGIERS UNDER INTERESTS SECTION AUSPICES. EGYPTIAN TIES WITH MAIN LINE PALESTINIANS REMAINED STRAINED, BUT EGYPTIAN EMBASSIES HAVE BEGUN TO EXPAND CONTACTS WITH BROAD SPECTRUM OF PALESTINIANS.

7. SADAT'S RELATIONS WITH ARAB MODERATES REMAIN  
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ACCEPTABLE, ALTHOUGH SOME APPEAR TO HAVE CONCLUDED INITIATIVE GOING NOWHERE AND ARE SEEKING MEANS OF LESSENING IMPACT (INCLUDING WEAKENED U.S. POSITION IN

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ARAB WORLD) ON THEMSELVES. SADAT PROFESSED BE UN-  
CONCERNED BY ISOLATION AND CONTINUING ATTACKS OF  
RADICALS, YET GOE CLEARLY FEELS EXPOSED AND, DURING  
QUARTER, ADOPTED DEFENSIVE POSTURE IN INTERNATIONAL  
FORA (IN ILO, SSOD AND HAVANA THIS MEANT ACCEPTING  
ARAB CONSENSUS AS WAY OF AVOIDING DIRECT CRITICISM  
OF SADAT INITIATIVE).

8. ISRAELI INVASION OF LEBANON WAS SERIOUS ISSUE FOR  
GOE, PRIMARILY AS TEST OF USG ABILITY TO MOVE ISRAEL

AND NOT TO BE DIVERTED FROM PEACE PROCESS. CAIRO  
OFFICIALDOM BREATHED AUDIBLE SIGH OF RELIEF WITH  
DEPARTURE IDF AND GAVE USG FULL CREDIT FOR ITS  
PERSISTENT EFFORTS TO ACHIEVE THIS.

#### IV. EGYPTIAN-AFRICAN RELATIONS

9. SOVIET MACHINATIONS IN AFRICA CONTINUE BE VIEWED  
BY SADAT AS PRIMARILY DIRECTED AGAINST CAIRO. HAVING  
FAILED TO PENETRAT AFRICA THROUGH EGYPTIAN FRONT DOOR,  
SADAT CHARGES SOVIETS ARE NOW TRYING TO PENETRATE  
EGYPT THROUGH SUDANESE BACK DOOR. ALTHOUGH MANY  
EGYPTIAN OFFICIALS LESS SINGLE MINDED THAN SADAT IN  
THEIR VIEW OF SOVIET MACHINATIONS, THERE IS MARKED  
DEGREE OF ANXIETY THAT SOVIET/CUBAN INVOLVEMENT IN  
ETHIOPIA MAY SPILL OVER INTO SUDAN BY YEAR'S END.  
GOE ALARM HEIGHTENED BY RECENT PRO-SOVIET COUPS  
IN AFGHANISTAN AND PDY, WHICH VIEWED IN CAIRO AS  
PART OF GRAND DESIGN. NOTWITHSTANDING ITS FEARS,  
GOE REACTED WITH CAUTION TO INCURSION INTO SHABA BY  
KATANGANESE EX-MERCENARIES. AFTER CONSIDERABLE DEBATE  
ON HOW PROVIDE MO UTU WITH LOW-KEY ASSISTANCE, GOE  
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FINALLY DECIDED TO DISPATCH A FEW 122 MM ARTILLERY  
PIECES WITH SPARE PARTS AND A HANDFUL OF TECHNICIANS.  
EGYPTIANS WELCOMED FRENCH-BELGIAN-U.S. RESCUE OPERA-  
TION IN SHABA, AS WELL AS SUBSEQUENT SUBSTITUTION OF  
AFRICAN TROOPS, BUT CONVICTION OF MOBUTU'S IRREVERSIBLE  
WEAKNESS DAMPENED ANY EGYPTIAN HOPES THAT MORASS COULD  
BE QUICKLY RESOLVED. GOE BELIEVES "MADE IN PARIS"  
STAMP ON FRANCOPHONE AFRICAN SECURITY FORCE IN SHABA  
LIKELY TO DIVIDE OAU MODERATES, AS ANGLOPHONE AFRICANS  
STRONGLY OPPOSED TO FRENCH-BACKED PEACEKEEPING EFFORTS.  
EGYPTIANS ANXIOUS SEE FUTURE AFRICAN SECURITY OPERA-  
TIONS UNDER OAU UMBRELLA, BUT REALIZE THAT SUCH AN  
OAU ROLE ALMOST IMPROBABLE AT PRESENT.

10. SENIOR EGYPTIAN AIDES HOPE THAT PRESIDENT  
CARTER'S ANNAPOLIS SPEECH, AND OTHER INDICATIONS OF  
STRAINED RELATIONS BETWEEN U.S. AND SOVIETS, DEMONSTRATE  
THAT USG HAS AT LAST DECIDED TO FACE SOVIET THREAT  
IN AFRICA. GOE BELIEVES USG MUST DO FAR MORE TO COUNTER  
SOVIET ACTIONS, AND AMERICAN DEBATE ON CONGRESSIONAL  
RESTRAINTS ON PRESIDENTIAL ACTIONS ABROAD VIEWED AS  
AMERICAN FIDDLING WHILE AFRICA BURNS. GOE VIEWS  
ETHIOPIAN AND LIBYAN REGIMES AS TURNING MORE AND MORE  
TOWARD SOVIET ORBIT. ETHIOPIAN PREPARATIONS FOR  
DECISIVE MOVE AGAINST ERITREAN REBELS, COUPLED WITH  
INCREASINGLY BLATANT LIBYAN SUPPORT FOR FROLINAT IN

CHAD, PROVE TO EGYPTIANS THAT SOVIETS BECOMING MORE  
DARING IN ABSENCE AMERICAN RESTRAINING ACTION.  
NEAR END OF QUARTER EGYPTIAN/ETHIOPIAN RELATIONS STOOD  
NEAR BREAKING POINT WITH EGYPTIANS CLAMORING PUBLICLY  
OVER PLANNED ETHIOPIAN PROJECTS ON UPPER REACHES OF  
BLUE NILE. ALTHOUGH PROJECTS APPARENTLY DO NOT  
INVOLVE DAMMING OF BLUE NILE IN VICINITY OF LAKE TANA  
(AN HISTORIC EGYPTIAN FEAR) SADAT HAS MADE CLEAR  
PUBLICLY THAT EGYPT READY TO FIGHT ON NILE WATERS

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QUESTION: "THE NILE IS OUR LIFELINE." GOE RESUMED SMALL ARMS SHIPMENTS TO ERITREANS LATE IN QUARTER AFTER SUDANESE IMPOSED SUSPENSION OF SUCH AID, BUT GOE WAITING TO ASSESS RESULTS OF UPCOMING ETHIOPIAN OFFENSIVE BEFORE DETERMINING EXTENT THAT ERITREAN FIGHTING POSES THREAT TO SUDAN.

11. GOE FELT SOMEWHAT VINDICATED BY INCREASING DIFFICULTIES IN SUDANESE RAPPROCHEMENT EFFORTS WITH LIBYA IN WAKE OF CHADIAN RELATED SEBHA AGREEMENTS. ALTHOUGH EGYPT "ADMIRE" FRENCH EFFORTS TO SHORE UP MALLOUM GOVERNMENT, CAIRO REMAINS WARY OF ANY DIRECT EGYPTIAN INVOLVEMENT IN CHAD AND SKEPTICAL THAT MALLOUM REGIME AS CURRENTLY CONSTITUTED WILL ENDURE.

V. EGYPT AND SOVIETS--CHILL CONTINUES

12. QUARTER EVIDENCED NO DEVELOPMENTS IN EGYPT'S TIES TO BLOC. SADAT CONTINUED ASCRIBE BLAME TO MOSCOW FOR ADVERSE TRENDS IN AFRICA, MIDDLE EAST AND AT HOME. TROUBLE WITH DOMESTIC LEFT VIEWED BY SADAT AS INTER-TWINED WITH SOVIET MACHINATIONS IN AFRICA AND MOSCOW'S OPPOSITION TO PEACE INITIATIVE. SADAT'S PARANOIA RE SOVIETS BEST EXEMPLIFIED BY HIS REPORTED CONCLUSION THAT AFGHAN COUP WAS PERSONAL WARNING TO HIM FROM MOSCOW SINCE DAOUD HAD JUST BEEN HIS GUEST. SOVIET GAINS FROM RECENT VIOLENCE IN TWO YEMENS LIKELY TO CONFIRM SADAT'S WORST FEARS. NEVERTHELESS, SADAT STILL HELD DOOR SLIGHTLY AJAR TO RAPPROCHEMENT WITH MOSCOW: E.G. SPEAKING TO BBC IN EARLY JUNE, HE MAINTAINED GOE PREPARED FOR IMPROVED RELATIONS IF SOVIETS WILLING RECOGNIZE "EGYPTIAN INDEPENDENCE" AND REFRAIN  
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FROM INTERFERENCE IN INTERNAL AFFAIRS. THUS FAR, THERE HAS BEEN NO APPARENT RESPONSE FROM MOSCOW.

13. IN MARKED CONTRAST, EGYPTIAN TIES TO YUGOSLAVIA, ROMANIA, PRC, AND NORTH KOREA CONTINUED DEVELOP. FIRST TWO VIEWED AS HELPFUL TO PEACE INITIATIVE; LATTER

STATES REMAIN SOURCES OF SPARE PARTS FOR SOVIET ORIGIN MILITARY EQUIPMENT. GOE ALSO HOPES OBTAIN SAME FROM OTHER BLOC COUNTRIES, INCLUDING POSSIBLE DELIVERY OF TANKS PREVIOUSLY PURCHASED IN PRAGUE, BUT NOT DELIVERED.

VI. EGYPT-EUROPE

14. RELATIONS WITH EUROPE WERE OF TERTIARY IMPORTANCE. SUPPORTIVE EUROPEAN STATEMENTS ON PEACE PROCESS WERE MILKED FOR PROPAGANDA VALUE, BUT WITH RECOGNITION THAT EUROPEANS HAVE LIMITED INFLUENCE IN U.S.-ISRAELI "TEST OF WILLS." ASSISTANCE IN DEVELOPING ARAB ARMS INDUSTRIES WAS SIGNIFICANT EXCEPTION AND DEVOLVED FROM RECOGNITION THAT USG UNLIKELY BECOME MAJOR ARAB ARMS SUPPLIER. STILL UNCLEAR HOW FAR THIS COOPERATION WILL GO, ALTHOUGH SADAT HAS CLAIMED AOI WILL BY 1980 BE PRODUCING FIGHTER-BOMBERS, ROCKETS AND JEEPS.

VII. INTERNAL DEVELOPMENTS.

15. EGYPT BEGAN QUARTER WITH SADAT'S TRANSITION FROM SINGLE-PARTY TO MULTIPARTY STATE (WHICH BEGAN IN 1976) THREE YEARS AHEAD OF SCHEDULE: FOUR PARTIES WERE ACTIVELY COMPETING, OPPOSITION PRESS WAS BEING PUBLISHED AND GRASS ROOTS PARTY ACTIVITIES WERE BEING CARRIED OUT IN UNPRECEDENTED FASHION. THIS PROCESS NOW HALTED. MAY 21 REFERENDUM AND ENABLING LEGISLATION GAVE GOVERNMENT BROAD POWERS TO BAN FROM POLITICAL LIFE PRE-REVOLUTIONARY FIGURES, NASSERISTS, COMMUNISTS, AND ANYONE ELSE HELD LIKELY DISTURB "SOCIAL PEACE." IN  
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RESPONSE, WAFD DISSOLVED ITSELF; LEFT PARTY "FROZE" ACTIVITIES; AND FUTURE OF MULTIPARTY DEMOCRACY IN EGYPT HAS BEEN BROUGHT INTO QUESTION. CRACKDOWN ON OPPOSITION TOOK PLACE AGAINST BACKDROP OF WIDESPREAD ECONOMIC DISCONTENT SIMILAR TO THAT EXISTING IN JANUARY 1977. FEAR OF SERIOUS URBAN DISTURBANCES WAS PALPABLE AMONG ALL POLITICAL ELEMENTS EXCEPT LEFTISTS, WHO BOASTED SADAT ON "HIS LAST LEGS." AGAINST THIS BACKGROUND SADAT INTERPRETED OPPOSITION CRITICISM OF GOE ECONOMIC PERFORMANCE AND ALLEGATIONS OF CORRUPTION IN HIGH PLACES AS INCITEMENT OF MASSES TO RIOT AND DIRECT ATTACKS ON HIM. FORMER AHRAH CHAIRMAN HAYKAL EMERGED FROM FOUR YEARS SILENCE IN LOCAL PRESS TO DEFEND NASSER ERA, ATTACK SADAT GOVERNMENT, IMPLY SALEM'S MISR PARTY LED BY CROOKS, AND DENIGRATE REVOLUTIONARY NATURE OF SADAT'S MAY 15

"CORRECTIVE REVOLUTION." WAFD, TOO, SOUGHT UNDERCUT GOVERNMENT LEGITIMACY, ARGUING NEITHER 1952 COUP NOR SADAT'S CORRECTION REPRESENTED TRUE "REVOLUTION."

16. LAW PASSED BY PEOPLE'S ASSEMBLY JUNE 1 IMPLEMENTING REFERENDUM IS TOUGH, BUT APPLICATION THUS FAR SUGGESTS IT DESIGNED PRIMARILY AS WARNING. SADAT HAS EMPHASIZED, WITH SOME JUSTICE, THAT LEFT AND WAFD DECISIONS WERE ADOPTED BY PARTIES THEMSELVES. NO ONE HAS BEEN ARRESTED FOR POLITICAL ACTIVITIES UNDER PROVISIONS OF NEW LAW AND FEW APPEAR COWED. BUT 136 PEOPLE ARE BEING INVESTIGATED BY SOCIALIST PROSECUTOR, AND TWO MEMBERS HAVE BEEN EXPELLED FROM PARLIAMENT (ONE WAFDIST AND ONE LEFTIST).

17. AS QUARTER ENDED IT STILL UNCLEAR WHAT PRACTICAL  
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EFFECTS RECENT DEVELOPMENTS WILL HAVE. HIATUS IN OPPOSITION ACTIVITY HAS GIVEN CENTER PARTY OPPORTUNITY ATTEMPT ORGANIZE GRASS ROOTS SUPPORT AND IT CLEARLY TRYING DO THIS THROUGH MONTH LONG NATIONAL DIALOGUE LEADING TO ADOPTION "CODE OF ETHICS" BY ASU CENTRAL COMMITTEE ON JULY 23. SALEM, SINCE REFERENDUM, HAS ATTEMPTED PROJECT IMAGE OF POPULAR LEADER, INSPECTING INADEQUATE PUBLIC SERVICES AND DEMANDING IMMEDIATE IMPROVEMENTS. SADAT HAS PROMISED "SURPRISE" FOR JULY 23 ANNIVERSARY, WHICH HE SAYS WILL CONSOLIDATE EGYPTIAN DEMOCRACY. SPECULATION RUNS GAMUT FROM HIS ASSUMING PRIME MINISTERIAL PORTFOLIO TO PARDONING "CENTERS OF POWER" ARRESTED IN 1971 (THEY WOULD STILL BE BANNED FROM PUBLIC LIFE).

18. MANY FEAR REFERENDUM WILL LEAD TO DEROGATION NEW FOUND INDIVIDUAL AS WELL AS PARTY FREEDOMS, BUT THUS FAR THIS NOT TRUE. THERE IS ALSO CONCERN OVER FACT THAT PRESIDENT FELT JUSTIFIED IN TAKING BACK WHAT HE HAD GRANTED, THEREBY UNDERCUTTING WHATEVER SUBSTANCE THERE MAY HAVE BEEN TO VAUNTED (BY SADAT HIMSELF) "STATE OF INSTITUTIONS."

19. MUSLIM RIGHT WAS NOT AFFECTED BY NEW LEGISLATION BUT IS PROBABLY MORE POTENT FORCE THAN LEFT OR WAFD. IKHWANI PUBLICATION KEPT UP STRIDENT CRITICISM OF GOVERNMENT'S DOMESTIC AND FOREIGN POLICIES AND SOME INTERCOMMUNAL INCIDENTS OCCURRED. COPTIC LEADERS URGED GOVERNMENT TREAT THIS SERIOUSLY; IN THEIR VIEW RIGHT WING MUSLIM TARGET NOT COPTS BUT REGIME ITSELF. MUSLIM EXTREMISTS SEEK REPLACE "GODLESS" GOVERNMENT WITH RULE OF ISLAM. GOVERNMENT, REPORTEDLY,

HAS ASSURED COPTS THAT MUSLIM BROTHERS ARE NEXT ON  
CRACKDOWN LIST ONCE CURRENT SITUATION SOLIDIFIED.

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ACTION NEA-11

INFO OCT-01 AF-10 EUR-12 ISO-00 SSM-03 CIAE-00 DODE-00  
PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01  
SP-02 SS-15 ICA-11 TRSE-00 OMB-01 ACDA-12 ARA-10  
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INFO AMEMBASSY ABU DHABI  
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AMCONSUL ALEXANDRIA  
AMEMBASSY ALGIERS  
USINT BAGHDAD  
AMEMBASSY BEIRUT  
AMEMBASSY DAMASCUS  
AMEMBASSY DJIBOUTI  
AMEMBASSY JIDDA  
AMEMBASSY KHARTOUM  
AMEMBASSY KUWAIT  
AMEMBASSY LONDON  
AMEMBASSY MANAMA  
AMEMBASSY MOGADISCIO  
AMEMBASSY MOSCOW  
AMEMBASSY PARIS  
AMEMBASSY RABAT  
USMISSION SINAI  
AMEMBASSY TEL AVIV  
AMEMBASSY TUNIS  
AMEMBASSY TRIPOLI  
USICA WASHDC  
DIA WASH DC  
USCINCEUR VAIHINGEN GE

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20. AT QUARTER'S END INTERNAL SITUATION IS TO CONSIDERABLE DEGREE HOSTAGE TO EXTERNAL DEVELOPMENTS. SADAT'S COMMITMENT TO DEMOCRACY (AT LEAST IN HIS PATERNALISTIC TERMS) IS GENUINE AND WE EXPECT HE WILL TAKE SOME MEASURE ON JULY 23 TO REASSURE DOMESTIC AUDIENCE. WITHOUT PROGRESS ON PEACE FRONT, HOWEVER, THERE WILL BE PRACTICAL LIMITATION ON HOW FAR HE CAN GO. HIS ASSESSMENT THAT THERE ARE TWO MORE YEARS OF HARD ECONOMIC SLOG AHEAD IS UNDERSTATED, AND ALLEGATIONS OF HIGH LEVEL CORRUPTION REMAIN RIFE. POPULAR DISCONTENT STILL JUST BENEATH URBAN SURFACE AND COULD EXPLODE WITH LITTLE PROVOCATION. IN THESE CIRCUMSTANCES, WE DOUBT PRESIDENT WILL AGAIN PRESENT CRITICS WITH PLATFORM FROM WHICH THEY CAN EFFECTIVELY LAMBAST THEIR LEADERS. FOR, IN HIS MIND, THEY WERE NOT ATTEMPTING TO MAKE DEMOCRACY WORK, BUT ATTEMPTING TO UNDERMINE REGIME. EILTS

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014